



Evidence Base for Tenancy Strategy

Summary Report

**London Borough of Richmond-upon-Thames
& Richmond Housing Partnership**

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1 Objectives

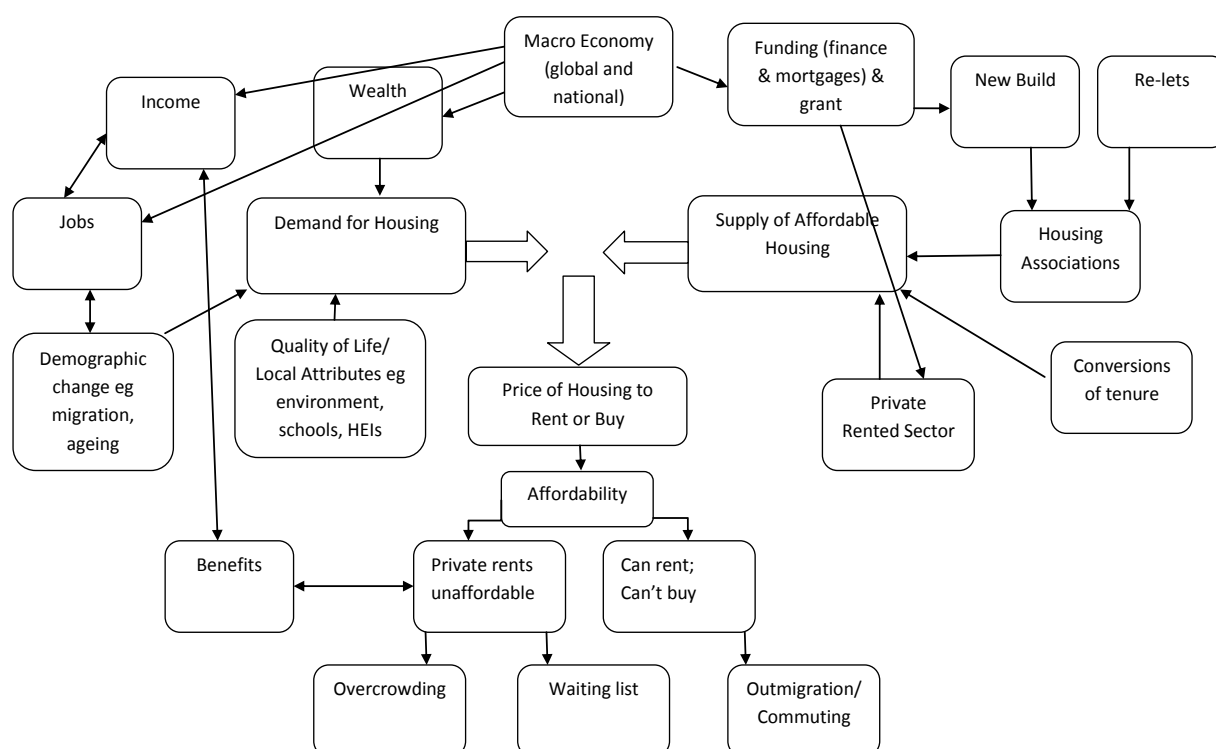
1. There are two overarching objectives in developing the evidence base for a Tenancy Strategy within Richmond upon Thames:
 - To provide comprehensive and robust information for the Council's Tenancy Strategy which will underpin the Council's activities in guiding and influencing the provision and allocation of affordable housing within Richmond upon Thames.
 - To provide evidence to guide the future strategy of Richmond Housing Partnership (RHP), the main affordable housing provider within Richmond Borough, both in terms of new affordable housing provision and the best use of the existing stock.
2. Overall, to deliver the evidence that the Council and RHP need to inform their activities, this study needs to analyse two key components:
 - The need or demand for affordable housing within Richmond upon Thames.
 - The supply of affordable housing.
3. The extent to which these two elements are in or out of balance is reflected in the housing register, the price of rents and activities of landlords (housing association and private sector landlords) and will help to determine the nature of future strategies that the Council and RHP will need to put in place.
4. This research has involved the following analysis and fieldwork:
 - Analysis of the Council's housing register and the GLA's 'Firststeps' register of intermediate households in Richmond upon Thames.
 - Review of key policy documents.
 - Analysis of data on the social housing stock and re-lets.
 - Three focus groups with housing register applicants, RHP tenants and other households in need (20 people in total attended the sessions).
 - Consultation with local estate agents (3 agents were visited and interviewed). Interviews with officers in the Council, RHP and partner organisations (24 people were consulted)
5. The rest of this report is structured as follows:
 - Section 2 examines the **characteristics of the housing market** that operates across the Borough and the existing policy context.
 - Section 3 considers **who is in housing need** and which households are a priority for assistance.
 - Section 4 outlines **what households in need require**, in terms of the tenure, type and size of accommodation.
 - Section 5 considers **how best to meet these needs** and the options for intervention.

2 Housing Market and Policy Context

2.1 Drivers of Demand and Supply

6. The housing market of any area is driven by a range of demand and supply factors. The same factors exist across the country but the way in which these factors operate differs considerably between different housing markets. Figure 1 illustrates these drivers in a conceptual diagram. It is this which gives rise to significant differences in housing markets across the country.

Figure 2.1: Conceptual Framework



7. It is useful to set out broadly how a number of factors drive the market in Richmond upon Thames before considering the impact this has on prices, rents and affordability within the Borough. **All of these factors suggest that the pressure of demand within the housing market in the London Borough of Richmond upon Thames is unlikely to ease in the short or medium term.**
- Demographic pressures and household income: Richmond upon Thames experienced strong population and household growth over the last 10 years (a 9% increase in population 2001-2011) which has been driven largely by net in-migration to the Borough. Overall, there has been net in-migration to Richmond upon Thames from outside of the UK and net out-migration from Richmond to other parts of the UK, particularly the South East region. The largest proportional increase in population over the last 10 years was within the older age groups, with modest declines in the proportion of people in the 20-34 age group. Although the changing age profile is largely driven by ageing of the population, it also reflects the difficulty that younger people have in accessing affordable housing in the Borough.

- The economy: London's position in the world economy is a strong driver of housing demand within the capital, including within Richmond upon Thames. London effectively operates as one large labour market and a significant proportion of people who live within the Borough commute into the capital for work (around 60%). **Those working in Central London are generally in higher paid jobs and are better able to purchase property within the Borough and generally able to outbid those who work within the Borough.** Connectivity to Heathrow and Central London by public and private transport is a key asset which enhances the competitiveness of the local economy and the attractiveness of Richmond upon Thames as a place to live. Furthermore, the quality of life offered by the Borough means that it is a place where people aspire to live. Richmond upon Thames has a significant river frontage, attractive town centres, a significant proportion of the Borough's land area is covered by parks (which gives the Borough a very distinctive character compared to other parts of London) and the quality of Richmond's primary schools and a number of high performing state secondary schools further boosts demand.
- The key point is that Richmond upon Thames residential market is inherently tied to the wider London economy which itself is inherently tied to the global economy. **This means that residents within the Borough are competing for property in a global market place, where rising incomes and wealth push up the price of accommodation.** This growth in global wealth has also led to growth in the market for international properties. Estate agents active within the Borough estimate that around 20% of buyers are international.
- These factors help to explain the strength of demand for residential property within the borough and in London as a whole and these factors have underpinned robust price growth – growth which sometimes seems disconnected from the lives and means of average households in the Borough.
- Housing stock and new supply: The overall stock of housing in the Borough changes slowly as new supply accounts for less than 1% of total stock, in common with most authorities in the UK. Increases in new supply in line with planning targets are unlikely to impact on prices in the short to medium term. The London Plan target for Richmond upon Thames is for 245 new homes per annum. The imbalance between future household growth and future housing supply will support long term house price growth.
- Expectations of households and investors: Housing is also an asset which means that demand reflects expectations about future price changes. Whilst expectations about house prices have moderated in the UK as a whole, London and Richmond are different and there is less reason to believe that the pressure of demand, fuelled partly by expectations of future price rises, will ease in the future. Richmond is considered a safe place to invest.
- The availability of finance: Nationwide bank reported at the end of 2010 that the number of loans for home purchase in London had increased by 43% year on year, while the recovery in mortgage lending was less than 20% in every other UK region. Mortgage lending in London has bounced back strongly compared to the rest of the country and this is likely to apply within Richmond Borough. Prices have bounced back which has given lenders confidence to lend, assured that the risk of values slipping in London are low. The Council for Mortgage Lenders (CML) reported that four out of five first time buyers under 30 are thought to have received help from their parents with deposits, a trend which was noted by local agents.

2.2 Characteristics of the Market

8. The majority of the housing stock in the Borough is owner occupied. The latest available data (Census 2001) found that 69% of homes were owned, 19% privately rented and 12% social rented. It is relevant to note that this is one of the smallest social rented sectors in London and therefore significantly constrains the ability of the Council and housing associations to meet housing need within the Borough. Furthermore, although local Census data for 2011 is not yet available, evidence at the national and regional level suggest a significant shift in tenure has occurred since 2001. The private rented sector has expanded at the expense of owner occupation and social renting. Cambridge University estimate that the PRS now accounts for up to 34% of the housing stock in the Borough. The private rented market largely focuses on those with high incomes.

2.2.1 House Prices

9. Figure 2.2 examines current average prices within Richmond Borough and how these have changed over the last 5 years. The average price is just over £500,000 and has increased by over one quarter in the last 5 years. This is despite the housing market downturn and fall in prices over 2008/09. Prices for each property size have, by and large, recovered to levels recorded before the downturn. **The housing market downturn has done little to improve the affordability of open market housing within Richmond upon Thames.**
10. Transactions – house sales – have fallen significantly since the market downturn and have not recovered to previous levels. Home owners are moving less frequently. This is likely to be a combination of uncertainty about future economic prospects and the fall in the number of first time buyers who are constrained by the availability of mortgages. The number of sales each year is around half the level it was in 2007 and this is particularly pronounced amongst the smallest properties, which are most affected by the constraints on first time buyers, with larger homes being traded more frequently.
11. Whilst movement of households in the social rented sector is affected by fundamentally different drivers, rising prices and falling sales levels in the open market will serve to further reduce the options available to tenants needing to move, particularly those on the margins of being able to afford to purchase.
12. Average prices in the Borough for 1 bedroom properties are around £245,000, rising steeply to £442,000 for a small family sized property (2 bedroom house). It is relevant to note that the prices of larger properties (2 bed house and larger) have increased to a greater extent over the last 5 years than one and two bedroom flats. This is an indication of the demand for these larger homes, relative to the available supply.

Figure 2.2: Prices and Sales within Richmond Borough

	Current average (Q1 2012)	Change over 5 years	% Change over 5 years	Transactions (sales)	% Change in Transactions over 5 years
1 bed Prices (Flat)	£245,200	£21,700	10%	144	-65%
2 bed Prices (Flat)	£337,300	£39,200	13%	395	-49%
2 bed Prices (House)	£441,900	£87,300	25%	217	-51%
3 bed Prices (House)	£529,000	£107,000	25%	527	-41%
4 bed Prices (House)	£805,700	£147,400	22%	332	-39%
Average	£502,000	£105,500	27%	332	-47%

Source: Hometrack, DTZ

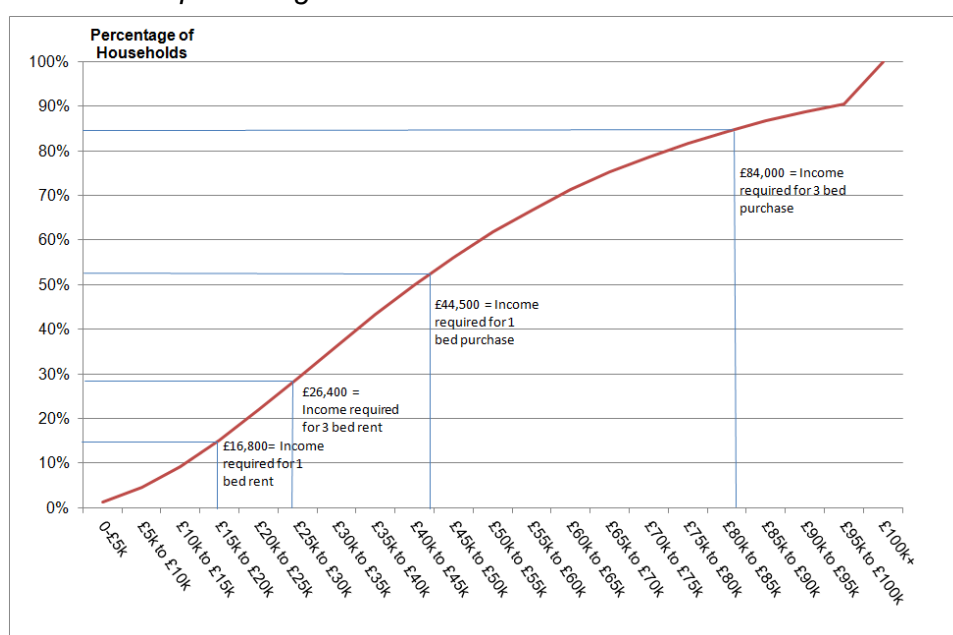
13. The entry level (lower quartile) price for a property within the Borough is around £205,000. Given that there were only 144 sales of 1 bedroom flats within the Borough in the latest year there were only likely to have been around 35 properties available at these lower prices. Again, there is a significant difference between the price of flats and houses, with the starting price for a 2 bedroom house at £345,000. Many of these lower quartile properties are focused in particular parts of the Borough – Whitton, Hampton and Heathfield. Agents emphasised the significance of good transport links to central London in driving differences in price and affordability, poorer quality housing stock in these areas and a greater concentration of social housing providing more affordable pockets of private housing.

2.2.2 Affordability

14. Previous research has emphasised the high cost of housing within Richmond upon Thames and significant problems of affordability for those wanting to access home ownership as well as other tenures. Figure 2.3 shows the large proportions of households (to the left of the blue lines) that are unable to afford different options within the market eg just over half of households in the Borough have insufficient incomes to buy one of the cheapest 1 bedroom properties.

Figure 2.3: Distribution of Household Incomes and Thresholds for Accessing the Market

Chart shows percentage of households with incomes above/below different levels.



Source: DTZ, using Hometrack data

15. Based on house prices in the cheapest areas of the Borough:
- Households would need an **income of £44,500 or more to access a 1 bedroom property in the cheapest wards** (eg Hampton North and Whitton). This assumes they have sufficient savings or equity to fund a deposit of 10% of the purchase price (between £15-30,000 depending on the area).
 - Current average earnings amongst Richmond residents are £41,000 (full time average earnings). This suggests that only those households with above average earnings would be able to afford a lower quartile property within the Borough. Households with more than one person earning are more likely to be able to afford to purchase in the open market.

- Households would need an income **of more than £56,000 to be able to afford a 2 bedroom property in the cheapest locations** within Richmond (Hampton North, Heathfield and Whitton).
 - Individuals with earnings in the 75th percentile (average earnings of £60,000) would be able to afford a 2 bedroom flat in the cheaper wards in the Borough but they would not be able to afford a house, unless another member of the household was also earning. Again, households with above average, dual incomes are more likely to be able to afford to buy.
 - Households would need an **income of more than £84,000 to afford a 3 bedroom property in the cheapest location** within Richmond (Heathfield). However, the income required to afford a 3 bedroom lower quartile property within almost all areas of the Borough is in excess of £100,000. There are clear affordability implications for those requiring family sized accommodation.
16. It is important to keep in mind in this analysis that the Borough of Richmond is not a single housing market. Indeed, to some extent, London functions as a single housing and labour market, albeit with numerous sub-markets based on location or property types. This means that households living within Richmond have a wider market to choose from when considering a house purchase.
17. The majority of the wards neighbouring or geographically close to the Borough of Richmond have average prices below those in Richmond Borough (apart from some wards in Hammersmith and Fulham and Kingston upon Thames). Lower average prices can be found in Spelthorne, Elmbridge and Hounslow. Average prices in the Hounslow wards adjacent to Richmond Borough are between £210-220,000 – less than half the average price of property within Richmond.
18. Figure 2.3 shows that it is cheaper for Richmond households to purchase a property in one of these wards than in any part of Richmond Borough. Although these wards are more affordable the income required to purchase a larger property rises sharply. Households will still need to have substantial incomes and/or savings to be able to afford a 2 bedroom property or larger. Prices of these properties are likely to remain out of reach for Richmond households on average earnings or below. The reality for households with children looking to purchase a family sized property is that both parents need to be earning a reasonable salary (around £30,000 each) or one member of the household needs to be earning substantially above average wages.

Figure 2.4: Income Required to Purchase a Lower Quartile House Price in 5 Most Affordable Wards outside the Borough

Neighbouring ward	Income Required to Purchase (assuming 10% deposit)				
	1 bed	2 bed flat	2 bed house	3 bed	4 bed
Hanworth, Hounslow	£32,175	£45,000	£58,500	£63,000	£78,825
Feltham West, Hounslow	£39,750	£46,500	£58,650	£67,500	£72,675
Hanworth Park, Hounslow	£41,250	£48,600	£54,000	£66,000	£79,500
Hounslow Heath	£42,446	£55,125	£64,500	£74,700	£82,500
Feltham North, Hounslow	£43,200	£48,000	£59,850	£67,500	£74,775

Source: Hometrack, DTZ

2.2.3 Rents

19. Analysis of the rental market within the Borough has been undertaken by Cambridge University in parallel with this research.¹ Figures 2.4 and 2.5 provide a summary of some of the key data and the implications of market rents for affordable rent levels and the income required to access these.

Figure 2.5: Current Market Rental Prices (pcm) in Richmond Borough

Size	Borough Average Market Rents	Income Required for Average Rent (spending 33% of gross income)	Income Required for Average Rent (spending 50% of gross income)	Income Required for 80% Affordable Rent (spending 50% of gross income)
1 bed	£1,450	£57,900	£34,800	£27,800
2 bed	£2,000	£79,900	£48,000	£38,400
3 bed	£2,560	£102,300	£61,400	£49,100
4 bed	£4,340	£173,400	£104,200	£83,400

Source: Cambridge Centre for Housing and Planning Research, based on Hometrack

20. Cambridge estimate that the private rented sector accounted for 34% of all homes in 2010 – equating to around 24,700 properties. Most of these are purpose built flats or flats converted from existing buildings. However, only 12% of these properties were let to households on housing benefit (around 3,000 households), compared to almost 40% at the national level. Although around one third of these properties become available for letting each year (based on almost 9,000 properties being advertised over the last year), **there are very limited numbers of private rented properties that fall within local housing allowance limits – particularly for larger properties.**

Figure 2.6: Current Rental Prices (pcm) in Cheapest Wards²

Size	Market Rents in Cheapest Wards	Income Required for Average Rent (spending 33% of gross income)	Income Required for Average Rent (spending 50% of gross income)	Income Required for 80% Affordable Rent (spending 50% of gross income)
1 bed	£700	£28,000	£16,800	£13,400
2 bed	£940	£37,600	£22,600	£18,100
3 bed	£1,100	£44,000	£26,400	£21,100
4 bed	£1,500	£60,000	£36,000	£28,800

Source: Cambridge Centre for Housing and Planning Research, based on www.home.co.uk

21. Average rental prices within the Borough confirm that the market is one which serves households on high incomes. It is focused towards high earning professionals and corporate lettings. Assuming households spend up to a third of their income on rent, households within Richmond would need incomes in excess of £50,000 to afford an average rental property. In

1 Cambridge Centre for Housing and Planning Research (2012) Analysis of the private rented sector in Richmond and nearby

2 Note that cheapest areas for different sized properties varies. Whilst Whitton ward has the cheapest rental prices across all properties, in Ham prices of 4 bed rental properties are closer to the Borough average

practice many households spend more than a third of their income on rent but nevertheless substantial incomes are required to access the private rented sector in the Borough.

22. Affordable rents set at 80% of average market rents do little to improve affordability of rental properties in the Borough as a whole. Incomes of around £28,000 would be required if affordable rents were set at 80% of the Borough average rent, assuming households **half** of their income on rent. Discussions with residents in the focus group sessions confirmed that most were spending 50% of their income (and some were spending more) on rents to be able to afford their property.
23. If affordable rents were set in relation to Borough average market rents they would not be affordable to households under the proposed benefit cap (£26,000). Even in the cheapest wards of the Borough, households needing more than 3 bedrooms will struggle to afford affordable rents set at 80% of market rents under the benefit cap. The reality is that the introduction of the benefit cap will set a limit on affordable rent levels, if they are to remain affordable to those on benefits. Figure 2.6 compares this limit to current LHA levels.

Figure 2.7: Maximum Rent under LHA and Benefit Cap (pcm)

Size	LHA (pcm)	Benefit Cap (assuming 50% of net income on rent)
1 bed	£725 - £995	£770-£1,080 (£175 pw)
2 bed	£900 - £1,250	£1,080 (£250 pw)
3 bed	£1,100 - £1,470	£1,080 (£250 pw)
4 bed	£1,300 - £1,730	£1,080 (£250 pw)

Source: DTZ, based on published LHA levels and proposed benefit caps of £18,500 for a single person household and £26,000 for other households

24. The Council's analysis of affordable rents within the Borough found that:
 - Affordable rents set at 80% of market rents were affordable under welfare benefits in 5 wards within the Borough. These correspond to the cheaper wards identified to purchase and rent earlier in this section.
 - In 8 wards, affordable rents set at 60-80% of market rents are affordable under welfare benefits for 1 and 2 bed properties and at 50-60% for 3 bed properties.
 - In 5 wards (Richmond North and South, Kew, Mortlake and Barnes) affordable rents set at 60% of market rents are affordable under welfare benefits for 1 and 2 bed properties but 3 bed properties remain unaffordable.
25. As with house prices, rents for larger properties have increased by a greater proportion than for smaller properties since 2004, which is suggestive of a **shortage of supply relative to demand for larger rental properties**.
26. Although there are properties available at significantly lower rents e.g. in Whitton and the wards to the West of the Borough and within Hounslow, these areas generally have limited private rental markets. The supply of private rented properties for lower income households is limited. This is further compounded by the reluctance of most agents and landlords to let to households in receipt of LHA who expressed views that:
 - The LHA is too low to compete with market rents and has fallen relative to local rents in recent years. DTZ note that this is likely to be further compounded by the benefit cap which implies that households can spend less on their rent in future.

- Tenants lacked deposits and references and rents are paid in arrears. ‘Better tenants’ that were less likely to run into arrears were easily available in Richmond Borough. This is likely to be further compounded by the introduction of Universal Credit where payment of benefits goes direct to tenants, with landlords fearing potential risks around greater arrears.

2.2.4 Local Policy Context

27. There are a number of policies – both existing and emerging – that aim to address some of the issues identified above and to address need within the Borough. These include:

- A new housing allocations policy: this refers to the allocation of properties in the social housing sector determining the priority given to different households, depending on their housing needs. Specifically, it prioritises applicants who are living or working in the Borough. As well as prioritisation given to those with more urgent needs (eg homelessness, medical needs etc) the policy also gives greater priority to working households and/or those who make a community contribution than given under the previous policy.
- Homelessness strategy: this policy prepares the ground for addressing homelessness in the Borough through greater use of the private rented sector. However, there is uncertainty over the extent to which this can be used, including placing households outside of the Borough, until the Government clarifies its position.
- Interim tenancy strategy: sets out the Council’s interim position on fixed term tenancies in the social housing sector and emphasises the need to protect vulnerable households.
- Interim policy statement on Affordable Rent: sets out the Council’s desire to ensure rents remain affordable to those in housing need accessing Affordable Rent properties, particularly for larger properties.
- Intermediate housing policy statement: gives priority for shared ownership to social rented tenants and those living or working in the borough on the housing register, providing they have incomes of under £64,000 (£74,000 for families needing 3 bedrooms or more).
- Housing capital programme: the Council invests its own funding to support priorities eg building of larger family properties and mitigating rents under the affordable housing programme to ensure they remain affordable to those in need.

3 Who is in need?

3.1 The scale and nature of housing need in Richmond upon Thames

28. The housing market which covers the Borough is characterised by a shortage of supply in relation to excess demand. There has been a pattern of rising prices and rents over the long term, particularly for larger properties where there is evidence of more acute shortage in relation to demand. This process is driving the out-migration of younger households, in-commuting from neighbouring Boroughs to jobs in Richmond and polarisation of wealth within the Borough.
29. The nature of the housing market in the Borough means that only the wealthy can afford to buy a home. The private rental market largely serves the same community. It is not a market orientated to those on low incomes or even working households on modest incomes, in contrast to the private rented market in the rest of the Country.
30. The relationship between housing costs and incomes means that a proportion of residents are unable to meet their needs in the market:
 - **Households that cannot afford to rent.** They are either living in existing social housing, supported by housing benefit in the PRS, or with fragile living arrangements in poor quality accommodation or with friends or family on a temporary and insecure basis. There are 4,500 households in the Borough who have registered a need for social housing but the severity of their needs vary.
 - **Households that cannot afford to buy** and are stretching their finances to pay rents in the Borough. They have more choice eg moving outside of the Borough but over the long term the loss of this segment of the community has consequences for the labour market, public services and community cohesion.
31. The scale of need for affordable housing, indicated by these two groups far outweighs the supply of affordable housing in the Borough. In 2010/11, 371 affordable homes were let to households on the Council's housing register and this included lettings to new affordable homes which were delivered through new housing development. This figure is broadly representative of lettings in recent years. In the same year, 10 new intermediate properties were delivered, though supply of these has been higher over the last 5 years, averaging around 40-50 per annum.
32. Given the scale of need, only those with the most urgent needs will be re-housed. This is a key tension that the Council and RHP have to manage. On the one hand, they have a duty to respond to households in crisis, including the homeless, those with health needs and multiple needs. On the other hand, there is the desire that affordable housing supports a range of people with different needs from the vulnerable to those on the margins of the market who provide a vital role in the economy and health of the local community.

3.2 Traditional housing need

33. There are 4,495 on Richmond Borough Council's housing register who are either living or working within the Borough – they have a local connection. These households are predominately either existing tenants needing to move, adult household members of tenants being asked to leave and households living in the private rented sector, particularly those that have been asked to move either by their existing landlord or friend/family member. The vast majority of these households are unable to afford market housing and need subsidised rented accommodation.
34. The housing register is dominated by single person households (46% of all applicants) and families with children (40% of all applicants). Around half of households on the housing

register need a 1 bedroom property. A substantial proportion need a 2 bedroom property (31%) with the remaining 17% needing 3 bedrooms or more. Around one quarter of those households needing 1 bedroom properties are older people (aged 50+). These households are eligible for age-specific accommodation within the Borough, though not all of them have specifically registered for it or would consider it suitable for their needs.

Figure 3.2: Housing Register Applicants by Household Type

Household type	Number	%
Single Person	2056	46%
Couple (without children)	467	10%
Families (singles and couples with children)	1805	40%
Multi-adult (adults sharing)	60	1%
Other (Single pregnant and Under 18s)	107	2%
Total	4495	100%

Source: Richmond Borough Council

Figure 3.3: Housing Register Applicants by Size of Property Required

	Number	%
1 bed	2,347	52%
2 bed	1,379	31%
3 bed	611	14%
4 bed	138	3%
5 bed	19	0%
7 bed	1	0%
Total	4,495	100%

Source: Richmond Borough Council

35. The scale of applications, compared to the availability of supply means that the Council has to prioritise applicants. This is done through the Council's allocation policy which awards points according to the severity of need or urgency of the household's housing situation.

3.2.1 Highest Priority Applicants

36. Focusing on the top 250 households on the housing register is useful as it broadly correlates with the scale of re-lets within the social rented stock in the Borough last year, although the availability of affordable housing will vary from year to year and also depends on the volume of new completions. **189 of the 'top 250' are identified on the housing register as being homeless.** A further 20 are high priority because they have applied for Sponsored Move – the scheme which rewards households for downsizing – and will therefore free up a much needed larger property for another household.
37. **Over half of the highest priority applicants are families with children (131 of the top 250).** Many of these are families in crisis and their high points indicate threat of or imminent homelessness, living in temporary accommodation and/or with additional space or medical needs. Around half of these families are waiting for a 2 bedroom property, although this includes families with two young children who are now required to share a bedroom up to the age of 10 and are therefore likely to need 3 bedrooms in the medium term. 47% of these high priority families need 3 or 4 bedroom properties.

38. The second largest group within the highest priority applicants is single people. Most of these are under the age of 50 and need 1 bedroom properties, though there is a small requirement for 2 bedrooms for some. This will be for exceptional circumstances, for instance for a live in carer or to accommodate bulky medical equipment where the person has medical needs or vulnerabilities.
39. Analysis of the size requirements of those in high priority suggests that the largest proportion of households need 2 bedrooms (39%) with 36% needing 1 bedroom and 23% needing 3 or 4 bedrooms. This contrasts to the size requirements identified for all applicants on the housing register (Figure 3.3) which suggests that over half need just 1 bedroom. The needs of high priority applicants suggest a bias towards the need for larger properties.

3.2.2 Overcrowded Households

40. Both Richmond Borough Council and Richmond Housing Partnership are particularly concerned about households living in overcrowded conditions. There are just over 1,000 overcrowded households on the Council's housing register. It is the most common reason for applying to the Council's housing register, ahead of 'being asked to leave' current accommodation and 'leaving the parental home'. Furthermore, RHP's choice based lettings system for existing tenants is almost entirely taken up by households requesting a transfer because they need larger accommodation (169 applicants).³
41. The vast majority of overcrowded households on the Borough Council's housing register are families with children (69% of overcrowding cases). One quarter of overcrowded cases are amongst single person applicants. These people are typically living with other households, sharing rooms with other adults or children or sleeping on sofas.
42. Overall, **amongst overcrowded households, the greatest need is for larger properties with 39% needing 3 or 4 bedrooms** and 36% needing 2 bedrooms. As with the size requirements of high priority applicants, this points to the need for properties with 2 or more bedrooms to meet the needs of households within the Borough.
43. However, not all households living in overcrowded conditions have sufficient points to indicate they are likely to be allocated affordable housing. **Just being overcrowded is not enough to guarantee an applicant priority.** 50% of overcrowded households have points above the threshold to be actively considered for housing. Of these households, roughly equal thirds need 1 bedroom, 2 bedroom or 3 or more bedrooms.

3.2.3 Single People

44. The largest group of households on the Council housing register are single people, accounting for just over 2,000 of the 4,495 applications from those living or working within the Borough (46% of all applicants). Just over 1,400 of these single applicants are under the age of 50.
45. However, the majority of single person applicants are unlikely to access affordable housing because they do not have sufficient points to give them priority under the allocations process. Around 528 (37%) of the 1,400 single applicants under the age of 50 have points above threshold required for a 1 bedroom property.
46. It is useful to consider the needs of older people separately from other groups because there is specific accommodation available to those aged 50 and above. It is important to remember that many households aged over 50 but under retirement age will not consider older person accommodation as suitable for their life stage and most will be accommodated in general

³ Whilst 75% of RHP's lettings are allocated to households on the Borough Council's housing register, RHP retains 25% of re-lets for its own nominations and these are allocated to existing tenants needing to transfer.

needs accommodation. There are 639 single people over the age of 50 on the Borough Council's housing register. This is just one third of all single applicants:

- 291 are aged 50-59
 - 348 are aged 60 plus
 - of which, 186 are aged 60-69
 - of which, 89 are aged 70-79
 - of which 73 are aged 80 plus
47. **The vast majority of these single older applicants have sufficient points for age specific sheltered accommodation⁴** that there is a reasonable likelihood they will be offered housing of this type. The 'points threshold' for sheltered housing is significantly lower than for all sizes of general needs accommodation, reflecting a better balance between the demand and supply of this accommodation. However, only 43% of single older households have sufficient points to access 1 bed general needs accommodation – 274 single households.

3.2.4 Families

48. The second largest group on the housing register (which contains the largest proportion of people on the housing register) is families. There are 1,805 applicant families – which we define as single people or couples with one or more children. There are an additional 63 single pregnant women and 75 couples expecting a baby.
49. The majority of families (58%) on the housing register need – or are entitled to – a two bedroom property. This includes families with two children under the age of 10 where the children are expected to share a bedroom. Amongst those families in higher priority need (with points above the threshold to indicate they are more likely to be considered for housing) 50% need 3 and 4 bedrooms and 50% need 2 bedroom properties.

3.2.5 Vulnerable People

50. There are a number of households on the Council's housing register who need support or care in addition to their need for accommodation. These households are often grouped together and described as 'vulnerable' but there are a range of different needs and circumstances within this group including:
- Single pregnant young women – some of whom may need support in the early stages of parenting: There are 63 single pregnant women on the Council's housing register (although not all may be young parents). All of these households need two bedrooms, ready to accommodate a baby. Just over half have points indicating they are in higher priority need and have a greater likelihood of being offered housing.
 - 16/17 year old homeless applicants –there are 44 under 18s on the housing register, most with points levels indicating higher priority need because of the legal duty towards these people. All need 1 bedroom accommodation. As with young single pregnant women, there are some specific schemes which support these young households to live independently and learn to manage a tenancy, budget etc.
 - People with health and medical needs, including those with learning disabilities, physical disabilities and those with mental health problems. There are 598 households on the Council's housing register with a reported medical need (just under 100 of these

4 Those aged 50-59 would be eligible for specific under 60s older person accommodation but not sheltered housing unless they had a significant disability. Sheltered housing is generally for over 60s.

applicants have been approved for re-housing and are awaiting a property). The majority of households (375) with medical needs are single households and these households are also most likely to have higher priority needs (being above the points threshold). There are also a substantial number of families (155) which contain a person or persons with medical needs, though only around half of these households have higher priority need.⁵

3.3 Intermediate market

51. There are additional households within the Borough who are unable to afford to purchase in the open market and may be struggling to afford to rent in the open market. It is difficult to quantify the size of this group since these households often do not register for social housing. Using household income data for all households in Richmond Borough⁶ and adjusting this for households in different tenures we have estimated the number of households in the social and private rented sectors who may be able to rent but are unable to buy.⁷
52. There are a number of caveats with this analysis. By using data on the income of all households in the Borough and adjusting it by national level data on the incomes of social rented tenants may over-estimate their incomes. Data from the Local Housing Assessment (2006) and housing register (2012) suggests incomes are actually lower than those calculated to produce Figure 3.4. Figure 3.4 also does not take account of the size of property the household needs. This is likely to further reduce affordability.

Figure 3.4: Estimate of Households Unable to Buy within Richmond Borough

	Total	Can't afford 1 bed rent	Can afford 1 bed rent but can't buy	Can buy 1 bed
Renters	34,600	4,500	13,300	16,800
Private Renters	24,700	2,300	8,400	14,000
Social Housing Tenants	9,900	2,200	4,900	2,800

Source: DTZ, using Hometrack and Survey of English Housing

53. There are around 24,700 households in the private rented sector. Around one third (8,400) of these households cannot afford to buy one of the cheapest 1 bedroom properties on the open market, despite being able to afford a market rent for the same type of property in the Borough. Taken together, **there are around 13,300 renters who can afford to rent a 1 bedroom property in the open market but cannot afford to buy.** It is important to note that we have only estimated their ability to access entry level rents and home ownership. Some of these households will need larger properties eg family sized accommodation. Nevertheless, this illustrates the potential scale of the intermediate market in the Borough.
54. Given the dynamics of the market within the Borough – with demand from the wealthiest pushing up prices – this is likely to be an expanding group of households as the threshold of homeownership (and private renting) is continually stretched. However, unlike many of the households on the housing register, this group is not facing a housing crisis and some households have choices within the market:
 - Some may be able to afford home ownership outside of the Borough.

⁵ There is a sub register for households requiring a wheelchair accessible property and that applicants may not have to reach the points threshold to get offered these properties. Similarly there is a Supported Housing Panel where nominations may take place into supported housing without reaching the points threshold.

⁶ Using CACI data presented in Hometrack (2010)

⁷ Using Survey of English Housing data (2010) which provides income data by tenure at the national level.

- They may choose to carry on renting, affordably, but for longer than originally envisaged or as a trade off for remaining within the Borough.
 - There are also intermediate properties available, including shared ownership which may allow them to access a form of ownership within Richmond.
55. Others have more limited options, including workers who provide vital local services and need to live within the Borough. **Renting may not be a suitable long term option because of the cost and inability to save and moving outside of the Borough** would jeopardise their working arrangements and in the long term may affect the health of the local economy or public services. It is relevant to note that half of those who work within Richmond live outside of the Borough. The largest number commute in from Hounslow, which has the most affordable house prices and rents compared to other neighbouring Boroughs.⁸ Richmond Borough relies heavily on Hounslow to provide workers in routine and semi-routine occupations. The Local Economic Assessment identified this as a weakness of and threat to Richmond's economy.
56. **There are currently 562 'intermediate' households interested in affordable housing within Richmond.** It is important to note that this is not the whole population of intermediate households in the Borough; rather those that have actively registered an interest. Of this group, 97 (17%) are classified as key workers.
57. Figure 3.5 shows that around half of these intermediate households are single people (48%). The second largest group is couples (22%). This differs in profile to the Council housing register, where families account for one third of applicants. **The overwhelming demand from these household groups is for one and two bedroom accommodation.** Although it is important to note that substantial proportions of single people and couples would like 2 bedrooms rather than 1. They are expressing a preference for the size of home they would like rather than the size that meets their current basic needs.

Figure 3.5: Intermediate Households by Size of Property Required

Household type	1 bed	2 bed	3 bed	Total
Single Person	58%	42%	0%	100%
Couple (without children)	28%	70%	2%	100%
Families (singles or couples with children)	1%	69%	30%	100%
Other (3 adults)	37%	51%	12%	100%
Other (non descript)	37%	51%	12%	100%
Total number	213	294	44	551
Total %	39%	53%	8%	100%

Source: First Steps

58. The majority of Richmond applicants who have registered an interest in intermediate housing options are currently living within the private rented sector. There are a small number of social rented tenants who have registered with Firstbuy – just 3% of all First Steps applicants. On the face of it, this implies that there is limited scope to free up social rented homes through the provision of intermediate housing. However, analysis of the incomes of those on the housing register suggests a proportion (10%) are on the margins of home ownership within the Borough so it is surprising that more of these households have not registered with First Steps. One housing association also reported small scale success in moving existing tenants into shared ownership
59. **The largest proportion of intermediate applicants have incomes of £25,000-35,000.** Based on a standard income multipliers used by the major banks, these households would

8 Local Economic Assessment (2010) Roger Tyms and Partners

only be able to borrow around £100,000 for a mortgage. This is around half the level required to access one of the cheapest properties within the Borough.

60. It is interesting to note that many of these intermediate households have substantial savings and a reasonable proportion of households have sufficient savings to afford a 10% deposit on a lower quartile property within Richmond Borough. However, the barrier to accessing the open market for these households is the income they need to access a sufficient sized mortgage, assuming they borrow three times their income. Figure 3.6 compares the lower quartile property price for different sized homes in the Borough to the incomes that intermediate households have.
61. Even in the cheapest areas of the Borough (illustrated below by Whitton but similar prices are found in Hampton North and Heathfield) there are very few intermediate households who can afford a lower quartile property. Those that are able to afford need a 1 bedroom property. There is a clear demand, on the basis of the incomes and savings of these households, for intermediate housing products such as shared ownership which offer a more affordable route into home ownership.

Figure 3.6: Income Required for Lower Quartile Property in Whitton and Affordability for Intermediate Households

Property sized required	Number of applicants	Price of Lower Quartile property	Deposit required (10%)	Income required to borrow	Number with deposit	Number with income	Number with both
1 bed	214	£148,500	£14,850	£44,550	61	26	6
2 bed(average)	295	£288,125	£28,813	£86,438	22	0	0
<i>2 bed flat</i>		£222,500	£22,250	£66,750	33	0	0
<i>2 bed house</i>		£353,750	£35,375	£106,125	17	0	0
3 bed	45	£300,000	£30,000	£90,000	6	0	0
4 bed	0	£370,250	£37,025	£111,075	0	0	0
Unknown	8						
Total	562				117	26	6

Source: First Steps, DTZ

62. A number of intermediate households interested in property within Richmond could afford to buy on the open market in the neighbouring Borough of Hounslow. These households have some choice within the housing market – they could access home ownership if they are prepared to move. However, this would only be a solution for around 10% of these intermediate households. The remainder are unable to afford home ownership on the open market even in more affordable neighbouring areas – despite having relatively healthy incomes.
63. The vast majority of intermediate applicants on the GLA's 'First Steps' register have insufficient incomes to afford *average* rents within the Borough as a whole. Affordable rents set at 80% of the Borough average do little to improve affordability. Only 5% of applicants could afford the property size they need at an 80% market rent. However, within the lower priced wards in the West of the Borough, a significant number of applicants can afford open market rents (53%) and this is increased to 73% of applicants under the affordable rent model. Affordability is better for those needing 1 and 2 bedroom properties than those needing 3 bedrooms. Nevertheless, this does indicate that some households would be able to afford affordable rents (set at 80% market rents) for 3 bedroom properties.
64. The majority of these applicants are currently renting within the private rented sector (paying full rent) and are likely to find affordable rents an attractive prospect if these properties are

available to them since this will reduce their rent and give them greater security of tenure. However affordable rent properties via the Housing Register will not be available to this group since it is intended for those in housing need. In the Council's view, any affordable rent for this group would need to be provided through the intermediate element of new housing development, which should account for 20% of new affordable housing supply under the Council's planning policy.

4 What do they need?

4.1 Size of Property

65. Figure 4.1 summarises the headline need for different sized accommodation within the Borough. It is relevant to note that **amongst the highest priority applicants on the Council's housing register, two thirds need properties with 2 or more bedrooms**. This reflects the large number of families, including homeless families, in acute need.

Figure 4.1: Summary of Housing Needs and Considerations on Size

Need Group	Scale of need	Size Required
Housing register applicants	4,495 in Borough	Half need 1 bed
<i>Highest Priority applicants</i>	<i>Top 5% of list (250 households), largest number are homeless families</i>	<i>1/3 need 1 bed; 2/3s need 2 bed or larger</i>
<i>Overcrowded households</i>	<i>Over 1,000, around 50% with other needs eg medical</i>	<i>2 bed or larger with significant, largest proportion (39%) needing 3 or 4 bedrooms</i>
<i>Homeless households</i>	<i>Around 200 accepted last year</i>	<i>As for high priority applicants</i>
<i>Vulnerable people - single people with medical needs</i>	<i>375 reported 200 people with learning disabilities who need housing following de-reg of care homes</i>	<i>1 bedroom with small number needing 2 beds</i>
<i>Vulnerable people - single mums and U18s</i>	<i>Just over 100</i>	<i>2 beds for single mums, 1 bed for U18s.</i>
<i>Older people</i>	<i>750 singles and couples aged 50+</i>	<i>1 bedroom</i>
Intermediate applicants	550 actively interested	
<i>Singles and Couples</i>	<i>Two thirds</i>	<i>1-2 bedroom</i>
<i>Families</i>	<i>One third</i>	<i>2 bedroom plus</i>
<i>Key workers</i>	<i>Just under 100</i>	<i>As above</i>

Source: Section 3

66. The largest number and percentage of lettings within the Borough were 1 bedroom properties. **Lettings of bed sits and 1 bedroom properties accounted for around half of all lettings in the social rented stock**. Around one third of lettings were 2 bedroom properties but only 17% were 3 bed or larger. Lettings excluding older person specific accommodation were still biased towards smaller sized properties but with slightly higher proportions of 2 bedroom and 3 bedroom lets.
67. Amongst interviewees, there was a strong perception of a lack of larger properties in relation to need within the Borough. Most of those consulted thought that 2 and 3 bedroom properties were in shortest supply, though they were also concerned about potential pent up demand in 2 bedroom properties as a result in the recent change to the allocations policy.
68. It is useful to consider the profile of households in need to the profile of re-lets within the social rented stock in the Borough. This analysis gives an indication of where the greatest pressures lie. The following observations can be made:

- Overall, there are 12 households waiting for every property that becomes available for re-let within the Borough. The scale of need far outweighs the supply of affordable housing.
 - In absolute terms, the greatest need is for 2 bedroom properties.
 - **The greatest pressure is on 4 bedroom properties where there are 26 households waiting for each 4 bedroom property that becomes available.** The pressure on 2 and 3 bedroom properties is even with 11 households waiting for each available property. There is relatively high pressure on 1 bedroom accommodation, though older households have access to a greater supply and the pressure is reduced particularly for those over 60 years of age.
 - Given that need far outweighs supply it is more instructive to consider the needs of households with a higher level of need. Amongst households with points indicating a higher level of need there are 5 households waiting for every property that becomes available for re-let in the Borough. Again, the greatest *pressure* is on 4 bedroom accommodation, followed by 1 bed and 3 beds.
 - It is worth noting that the pressure on 1 bedroom general needs accommodation is reduced significantly (and falls below the pressure on larger properties) if older households (50 and 60 years plus) are restricted to accessing age specific accommodation. Of course this is not the case but it is useful to note since different types of accommodation can be provided for different age groups.
69. When the focus is on the highest priority applicants (top 250 on the housing register) the pressure on different sized accommodation appears relatively even, apart from 4 bedroom properties where the need still exceeds supply by a factor of two to one. Although there are sufficient lettings overall to meet the needs of the highest priority applicants there are still 2 households waiting for each 4 bedroom property available. This suggests that **the Borough Council has significant difficult finding accommodation for large families, even when they have very urgent need for re-housing**. In contrast, there are two properties available for every 60+ older person or couple in highest priority need.
70. The majority of rented homes delivered over the last 5 years have been 2 bedroom properties. Two bedroom properties often dominate completion figures because they can be delivered as flats or houses and therefore lend themselves to most kind of sites. Discussions with development managers from four developing providers within Richmond highlighted the importance of site type (eg location, type, size etc) to the type of new affordable homes that could be delivered.
71. Relatively significant proportions of 3 bedroom properties have been delivered in the last 5 years – around one quarter of completions on average – despite the widely held perception that such properties are difficult to deliver. This reflects the delivery of affordable homes on housing association and Council owned land and higher levels of grant available in the past.
72. In contrast, the majority of intermediate new homes have been 1 bedroom properties. Developing housing associations confirm that these smaller properties are easier to sell – largely because they are more affordable to those in the intermediate sector.

4.2 Cost

73. The evidence presented in this report and in previous studies suggests that the vast majority of households on the Council's housing register are unable to purchase in the open market and the majority cannot afford to rent in the private sector:

- Around half of housing register applicants (49%) have incomes of £15,000 or less.⁹ This is below the level needed to rent a 1 bedroom property in the private rented sector in the cheapest ward in the Borough. For rents to be affordable to the majority of housing register applicants they need to be subsidised and the level of subsidy will need to be higher for larger properties.
 - 95% of housing register applicants have incomes below £45,000 and therefore are unable to purchase a 1 bedroom property in the cheapest ward in the Borough. Of the 5% of applicants that could afford to purchase, all need either a 1 or 2 bedroom property and there is not information on whether these households have sufficient savings for a deposit.
74. The majority of new affordable housing will be delivered as affordable rent and registered providers are also converting a proportion of their properties to this tenure. The evidence presented in this report suggests the following about affordable rents within the Borough:
- **To remain affordable to households on benefits (the majority of housing register applicants), affordable rents need to be set in relation to LHA levels and in the future, benefit caps.** The latter implies a limit of £250 per week rent (£1,080 per month) on 2, 3 and 4 bed properties, assuming households receiving the maximum level of benefit (£26,000) spend up to half of their income on rent and £175 per week (£770 per month) on 1 bed properties (taking account of the £18,500 benefit cap for single people).
 - Compared to average rents in the Borough as a whole, this implies that affordable rent properties will be 50% or less of market rents for 2 bedroom properties or larger.
 - The Council's analysis of the incomes of those on the housing register and rent levels in different wards shows that the **affordability of affordable rent varies significantly depending on the ward**, with Hampton North, Heathfield and Whitton being most affordable under the affordable rent model. However, this does not apply in all wards – with a significant number remaining unaffordable.
 - Very few working households on the housing register are able to afford 80% market rents; this was particularly true of those needing 3 bedroom properties.
 - The vast majority of intermediate applicants on First Steps's register have insufficient incomes to afford average rents within the Borough as a whole and affordable rents set at 80% of the Borough average do little to improve affordability. Only 5% of applicants could afford the property size they need at an 80% market rent.
 - However, within the lower priced wards in the West of the Borough, a significant number of applicants can afford open market rents (53%) and this is increased to 73% of applicants under the affordable rent model. However, under current policy, affordable rent would not be available to these households.
 - Affordability is better for those needing 1 and 2 bedroom properties than those needing 3 bedrooms. Nevertheless, this does indicate that some households would be able to afford affordable rents (set at 80% market rents) for 3 bedroom properties.

4.3 Tenancy Duration and Renewal

75. Given the extreme shortage of accommodation in the Borough, consultees generally felt that fixed term tenancies were a good thing, on the basis that they will bring much needed homes back into use, particularly to address over-crowding. This view is on the assumption that:

⁹ Based on DTZ's analysis of the incomes of housing register applicants in June 2012

- household circumstances will change and, in particular, households will either reduce in size (needing smaller accommodation), or households will be able to afford to live somewhere else.
 - tenants will benefit from regular contact with their registered provider eg, unmet needs could be identified.
 - alternative, suitable and affordable, accommodation options for households to move into should their tenancy not be re-issued.
76. A number of concerns were raised by Providers about the introduction of fixed term tenancies and criteria for renewal or non-renewal at the end of the term:
- RHP and the other main housing associations in the Borough agreed that higher turnover of tenants was not good from an efficiency point of view because of the cost involved in changing tenants – even though void periods were expected to be very limited. Fixed term tenancies would require more active management from the associations, to keep on top of tenancy duration, renewals etc.
 - Providers felt that, in reality, even fixed term tenancies of 5 or 10 years would effectively be secure. They do not anticipate many households meeting criteria that would lead to non-renewal of the tenancy. They agreed that anti-social behaviour and arrears amongst tenants were actively managed throughout the tenancy and there were means to end a tenancy if necessary to address these issues. RHP confirmed that existing tenants have been willing to give up their secure tenancies to access larger properties through affordable rent. This may signal that households in overcrowded conditions are prepared to trade off tenure security for the appropriate amount of space – though not all households are likely to make the same decisions. It could also signal that tenants are comfortable with fixed term tenancies of 5 years because they perceive that in reality they are secure and likely to be renewed.
 - There was general agreement (by RHP, the Council and other interviewees) that secure or lifetime tenancies might be required for some households, particularly vulnerable people or older people whose circumstances and incomes were unlikely to change. This did not, however, mean these households were unsuitable for affordable rented homes – they may be as able, or even better able, to afford affordable rents than households as a whole.
 - There was a general view expressed that tenancies of existing tenants should be protected so as not to discourage transfers within the existing stock. The GLA are concerned that Boroughs respect existing tenancies across boundaries so as not to preclude cross boundary moves.
 - The option of short term (eg 2 year) tenancies was suggested by one or two interviewees and is included in the Borough Council's interim tenancy strategy (in exceptional circumstances such as anti social behaviour). In general, providers could not see the benefit of this. Interviewees did suggest that short term tenancies of 2 years might be suitable where the housing association is planning renovation or renewal of the estate or housing stock, so that the landlord has greater control over the occupation of these properties.
 - It is relevant to note that a number of focus group participants (potential and existing tenants) felt that 10 year tenancies were more suitable because it would encourage households to commit to the property and area.
77. There is no consensus on the appropriate length of a fixed term tenancy. For this reason, **DTZ see no reason why 5 year tenancies cannot be set as the default tenancy length**

(with 1 year probationary period for new tenants as is the case now). Furthermore, DTZ consider that providing the renewal criteria and process is fair, there appears no reason why all types of households should not be given these tenancies.

78. There was concern amongst interviewees within the Council and housing associations about the need to ensure vulnerable people are protected through their tenancies. This might mean awarding longer term to those who are likely to need continued support throughout their lives eg those with learning difficulties which mean they are unable to access work. This does not preclude these households, who may be dependent on benefits, from accessing affordable rented properties, providing they can afford the rent, since in some cases their incomes are unlikely to change over time and the interaction between benefits and work incentives may be less of a concern. However, there may be affordability concerns for affordable rent for other vulnerable people eg care leavers who are working but on low wages.
79. The research has identified a number of factors that should be considered in managing the introduction of fixed term tenancies and in particular the process of reviewing tenancies:
 - **Income: Where household incomes have increased to the extent that they can afford to access market housing, the Council and RHP should consider not renewing the tenancy or charging higher rents.** This raises a number of issues:
 - o Whether the cost of purchasing or renting is the appropriate threshold. The income threshold for accessing private rented properties would seem more appropriate but will leave many households with limited scope to save for home ownership.
 - o **Income thresholds would need to be set for different sized properties**, rather than a single income threshold, particularly because of the high cost of larger properties within the Borough.
 - o Whether the income threshold should be set in relation to the cheapest rental properties in the Borough or average. The former would raise the risk that there are insufficient properties available for households to access given the limited supply in the most affordable areas.
 - o How to implement and enforce an income threshold. Some providers expressed the concern that housing associations were not fraud investigators and would not have the skills and expertise to properly verify changes in a household's income.
 - o There may be households with multiple adults who were earning, including families with grown up children. Collectively, their incomes might exceed the threshold but it might not be fair to assess their combined income in the same way.
 - o On balance, providers appeared more in favour of a 'pay to stay' arrangement rather than ending a tenancy based on income.
 - **Community stability and mix:** The use of fixed term tenancies and /or the affordable rent model could contribute to the polarisation of low income and/or vulnerable households within neighbourhoods. Stakeholders and focus group participants described the negative effect that allocating new homes en masse to a particular household group has had on existing communities and sustainability; fixed term tenancies and the affordable rent model have potential to have a similar effect, particularly if introduced at the same time within an area.
 - **People leaving care:** Stability is very important to enabling people leaving care, who have already faced considerable change in their lives, to establish a connection with the local area, to enable them to function as well as possible and to 'break the cycle' often experienced by care leavers in later life. Change can be very unsettling.

- *Families with children:* For families with disabled children (learning disability, physical disability, sensory impairment) it is very important to them to be able to access education that meets their child's needs. It may have taken a long time to find a school/college that is able to provide and a move from this would have a detrimental effect on the child and family.
- *Older people - single and couples:* Proximity to support networks – family and friends – is important, particularly if older people are to remain living in their own home for longer. This should be a consideration for both the older person and the people who provide care and support eg, their family. There was a view amongst some interviewees that older applicants should be offered secure tenancies rather than fixed term tenancies. The main reason for this was the perception that their circumstances were unlikely to change and that vulnerable people need to be protected. There are number of points to consider however:
 - Whilst a small number 50 year olds may have health or mobility issues associated with old age it is more likely to be those in more advanced old age that need additional support.
 - Many of those aged 50-60 and even those aged over 60 continue to work. Retirement ages are changing and they are now also more flexible. This means that the income and life circumstances of many of those in the 50 plus age group will change over the life time of their tenancy.
 - Continuing to provide secure tenancies to older people limits the opportunity to control under-occupancy within the housing stock. Associations currently rely on incentive schemes to allow older people that are under-occupying their home to downsize. This may be the appropriate way to manage under-occupancy but it would be prudent to consider other levers, particularly if the Council and RHP want to tackle overcrowding more proactively.
- *People with a health and/or care need:* With no hospitals in Richmond, and reliance on public transport, it is important to households who have a regular need to visit a hospital or other health service for a specific treatment to be able to access this easily. **The process of tenancy review should involve other professionals, family and carers, who are assisting the tenant to live independently**, and it should consider the impact on health and wellbeing eg, mental health.

4.4 Location

80. Households in need have clear aspirations about where they want to live though they understood that they would generally need to be flexible to secure a home. There is a clear difference between the outlook of those on the Council housing register or in RHP accommodation and those living in the private rented sector and 'intermediate' households:
- Most housing register applicants currently living in Richmond expressed a desire to live in the vicinity of their existing home. The key drivers on their aspirations about location were:
 - Proximity to hospitals/ medical centres
 - Because they have a role as a carer
 - Children are at the local school
 - Family or friends live nearby and offer support
 - To remain or to be closer to work (and avoid transport costs)

- Amongst housing register applicants there was a general lack of knowledge about parts of the Borough beyond where they live or on the borders of the Borough – both in terms of the cost of housing and the nature of local neighbourhoods. **These households may have been more willing to consider other neighbourhoods, including those outside of the Borough, if they were more aware of what was on offer and more familiar with alternative locations.**
 - Many of those living in the private rented sector (not on the housing register) expressed a view that they would be willing to move from Richmond because of the lack of affordable accommodation, though most of these people were not housing register applicants. Single people, who were generally not housing register applicants, were more likely to have contemplated a move away and some had considered options elsewhere eg shared ownership within Croydon. The south and Home Counties were also expressed as possible alternatives but other London Boroughs were felt to be unaffordable.
81. Richmond upon Thames is a small Borough in terms of land area and, in the most part, very well served in terms of transport accessibility. However, for a small number of applicants, the location of property is critical to meeting their needs. It is useful to consider the different groups:
- There are no specific factors which imply that single households have different needs in terms of location compared to households as a whole. However, those that are vulnerable and/or elderly may have specific requirements which constrain their choice of location.
 - **There is no reason why age per se should confer the need for a particular location within the Borough, or indeed priority for accessing affordable housing. However, old age is often accompanied by deteriorating health and mobility and the need for support. These may be compelling reasons for older people to express strong preferences for a particular location within the Borough.** This could include:
 - the need to access medical facilities to receive regular treatment
 - the need to to access care/ support from relatives or carers
 - to be close to services eg GP, shops etc for those with restricted mobility.
 - The need for children to be near their school at critical points in their education eg GCSEs or for those with specific educational needs.
 - **Vulnerable households are more likely than other households to have constraints on their location.** A range of reasons were identified:
 - The need to be close to medical facilities
 - The need to be close to a carer
 - The need to be close to specialist services eg mental health or learning disability services
 - The need to access specific accommodation eg schemes to support young single pregnant women or care leavers
 - The desire not to concentrate vulnerable people in particular locations in the general needs stock due to the risk of anti-social behaviour and failing tenancies. Housing managers in two housing associations advised of the need for local lettings plans to manage this issue.
 - The Council recognises that supported and specialist accommodation is required in some circumstances and this was also emphasised by consultees. Furthermore, the move from supported accommodation to general needs accommodation is supported

by the Council's resettlement team and Supporting People Provider. Other support services such as Community Mental health move with the applicant.

- However, there was a concern amongst some housing associations that some vulnerable people were being placed in general needs stock without adequate support and that the move to personalised budgets made it more challenging to commission the services they need.

4.4.1 Private Renting Outside the Borough

82. The private rented sector provides a source of affordable accommodation for the Council to address some of the needs of households on the housing register however the supply of these properties is limited, as evidenced in Section 2. There are also concerns about the short supply of homelessness and temporary accommodation provision in the Borough and a concern about the use of B&B accommodation which has more serious cost implications for the Council. Until the Government clarifies the position on discharging homelessness duties in the private rented sector it is difficult for the Council to plan ahead to procure more accommodation of this kind. There are a number of issues with this:

- The high cost of private rents in the Borough also feeds through into the cost of temporary accommodation. One third of the leased accommodation is due for re-tendering and cost is expected to increase.
- Furthermore, cuts in housing benefit since April 2011 have led to some landlords in the Borough moving out the segment of the market which provides for low income households on housing benefit.
- Lack of low cost private rented accommodation feeds directly into issues of quality of cheaper private rented sector homes. SPEAR suggested that private landlords experience such high demand for their properties that there is no reason for them to offer their properties to those reliant on welfare benefits; SPEAR also suggest that (for those reliant on welfare benefits) properties in the private rented sector tend to be those with hard-to-let, low quality properties.
- **Given the cost and limited availability of private rented accommodation within the Borough the Council needs to consider whether properties can be found outside of the Borough** that are suitable for meeting the needs of those on the housing register and homeless households.
- Consideration will need to be given to the needs of vulnerable households, where location and tenancy duration may be important to meeting their needs.
- The Council will also be 'competing' with other London Boroughs for accommodation in cheaper neighbouring areas. This raises the risk that rents could be bid up and increase the cost to the Council and tenants.

5 How can housing needs best be met?

83. Based on the analysis of housing needs and discussions with residents and housing professionals in the Borough, we would summarise the need for the following types of accommodation:
 - 2 bedroom homes for rent are in greatest demand overall among higher priority households
 - Larger homes for rent (3 and 4 beds) are needed for families in acute housing need
 - Increased homelessness/ temporary accommodation provision; it is recognised that this may need to be found outside the Borough
 - Quality single person accommodation for vulnerable people eg clusters of 4/5 self contained homes suitable for accommodation based or floating support
 - 1 and 2 bedroom properties for downsizing households
 - Intermediate products (shared ownership or rental) which are suitable for households moving out of social rent as well as those on the margins of accessing home ownership
84. There are a range of different options for maximising the supply of these types of homes, but some may be more suited to particular types or sizes of properties than others. These include:
 - New supply
 - Tackling under-occupancy
 - Purchase and repair and extensions

5.1 New Supply

85. On balance, DTZ consider that the delivery of new affordable homes should be the priority for the Council, RHP and other housing associations in the Borough. It is only new supply which adds to the overall stock and given the shortage of affordable housing in relation to need the best way to make inroads into addressing these needs is to provide more affordable housing. New supply also provides the opportunity to make better use of the existing stock. New supply provides new lettings and allows the Council and RHP to re-house transfer tenants - thus freeing up existing social rented homes for other households. New supply has also had an important role to play in directly addressing homelessness in the Borough. Again, by providing new lettings it allows the Council and housing associations to act quickly to house people in priority need.
86. The urgency of needs and limited choices available to those households at the top of the Council's housing register would suggest that priority needs to continue to be given to the provision of subsidised rental accommodation. **Priority needs indicate that the supply of larger homes (2 or more bedrooms) needs to be boosted, attention also needs to be given to 4 bedroom properties where the availability through re-lets is limited.**
87. However, there are a number of factors that the Council and RHP will need to consider in deciding the appropriate type and size of homes through new development:
 - It is more difficult to provide larger homes through new supply, particularly under the affordable rent regime where grant is very limited but housing associations need to cap the rents on 3 and 4 bedroom properties to ensure they remain affordable to those in need (and under LHA / benefit cap limits).
 - The type of site will limit the Council and RHP's influence over the type and size of new build. Discussions with development managers suggested that on developer led sites it

was difficult to secure anything other than 1 and 2 bedroom properties because of the mix of market housing that was being provided and the tendency for higher densities on larger sites.

- There is evidence of a need for intermediate products within the Borough. There are households who cannot afford to buy within the Borough and those on the margins of affording market rents. This is particularly evident in the pattern of commuting in to the Borough from neighbouring areas where it is cheaper to live. These workers are key to the functioning of the Richmond economy but most are not defined as ‘key workers’. However, the Council and RHP need to consider how much priority should be given to providing this accommodation given that the needs of these households are less urgent and most have other (limited) choices.
88. The key limitation on new development appears to be the availability of development sites within the Borough. Based on discussions with housing association development managers, Council officers and other professionals. There are a number of aspects to this:
- Site availability: the supply of development land within the Borough is limited. There are few large sites which offer opportunities for large scale development. The Borough is constrained because of historic green space and the Thames Riverside – and this is reflected in the housing targets for the Borough. Where large sites exist they are largely in private ownership. Developing providers within the Borough generally have to work with portfolios of small sites eg garage sites and other infill opportunities. Whilst it is more difficult to secure economies of scale on these sites they do provide important opportunities to deliver larger homes since they are under the association’s control and ownership. This type of development is not without its difficulties however. Parking issues related to planning were cited by a number of interviewees as holding back development of garage or infill sites and some schemes had been delivered without parking which limited who they could be let to (eg being unsuitable for some young families).
 - Land values: land values are very high within the Borough which makes it very hard for housing associations to compete for sites on the open market with private developers. There was thought to be more opportunity to secure ex-employment sites where a change of use may be appropriate for affordable housing. However, development managers within housing associations in the Borough suggested that the objective of 100% affordable housing was not always successfully enforced and so in practice developers could outbid them on these sites.
 - Whilst there are few Council owned sites, a number of interviewees felt that more could be done to make these available for affordable housing development. One interviewee suggested that the Council undertake a review of its own landholdings. In some cases, known Council owned sites were slow to come forward. This was a particular issue under the new affordable housing programme which requires delivery on site by 2015 or the loss of grant. There was also felt to be some tension within the Council between the objective to deliver affordable housing and the desire to maximise receipts from the sale of Council owned land. **DTZ would recommend that the Council consider the prioritisation of Council landholdings for affordable housing.**
 - Related to this, DTZ would question whether sites currently allocated for employment uses within the Borough present the best use of land supply. It is important to note that we have not reviewed the availability of sites for any uses, or undertaken an employment land review, but the difficulty expressed by interviewees in securing sites for affordable housing and the fact that half of those who work in the Borough commute in from outside would suggest that greater priority could be given to housing the Borough’s workforce. There could however be tensions between priorities as the Council also seeks to protect

employment floorspace to support a strong local economy, as set out in the Local Development Framework. It is the role of the Council to ensure the appropriate balance between these objectives is struck.

- Suitable sites for supported housing: a related issue is the limited availability of opportunities to deliver supported housing. Where development opportunities were available to deliver 4/5 self contained units, eg through the conversion of an existing larger property, these were unlikely to be secured by housing associations competing with private developers or buyers in the open market. This is partly because the level of rent an association can charge on supported 1 bed units. Viability may be improved by letting at affordable rents, providing these households can afford higher rents.
- Re-development opportunities on existing estates: there are opportunities for infill on existing RHP estates and the potential for redevelopment on some eg Butts Farm (in Hounslow) and RHP's estate in Ham. However, these are longer term opportunities and will not necessarily increase overall supply, though they are likely to provide opportunities to deliver a better mix and quality of social housing.
- The borough has a number of smaller residential care homes which it is seeking to deregister, and replace with alternative models. The council currently has a number of voids in these homes. Some properties would be suitable for remodelling for use by other households. This is difficult at present as people may still be living in them but may be an option to boost supply in the longer term.
- Development opportunities outside of the Borough: the perceived limited availability of housing sites within the Borough is driving developing housing associations to consider opportunities in adjacent Boroughs in order to deliver their current programme – where grant is provided on condition of delivery by 2015. All of the associations based in the Borough have a desire to build in Richmond as a first priority and claimed to have the financial capacity to do so. It is the availability of development sites that is the main constraint. Discussion with RHP has confirmed that current opportunities would indicate that for the current programme total of up to 100 units will be delivered within the borough but the remainder may need to be built elsewhere.
- Limited immediate development opportunities within the Borough will mean that RHP need to consider building new homes in adjacent Boroughs. There are a number of advantages for RHP although the position for the Council is more mixed:
 - o This will allow RHP to meet the HCA timetable for delivery of grant funding schemes by 2015 (provided immediate opportunities can be secured)
 - o Prices, rents and land values are cheaper which will allow RHP to compete more effectively for development sites and to deliver accommodation at more affordable rents for tenants. The most affordable neighbouring wards (all Hounslow) are Hanworth, Feltham West, Hanworth Park, Hounslow Heath and Feltham North.
 - o If opportunities can be found on existing estates (stock transfer land) then in specific circumstances this has allowed the Council to nominate from the housing register to these properties.
 - o Discussions with development managers in four associations (including RHP) suggested there were more immediate opportunities for development in Hounslow and Kingston. Specific examples of recent developments in these Boroughs were given, including a 21 unit development of 4-5 bedroom houses (by Richmond Churches Housing Trust).

- The risks with this approach are that sites delivered outside of the Borough will not be available to meet housing needs within Richmond and nominations are likely to benefit the host Borough, unless existing tenants transfer within the RHP stock (most new developments provide 100% of nominations to the host borough, but RPs gain 25% nomination rights to re-lets). It is worth noting that this would free up accommodation within the stock in the Borough however so could have a net positive effect on supply.
- Viability: the issue of viability of affordable housing delivery was raised by development managers, specifically in relation to the introduction of a CIL charging schedule. Development managers in the housing associations in the Borough were concerned that, if an overall CIL charge was set too high, the affordable housing element on a scheme would be flexed (and reduced) to ensure a development remained viable.
- Control: it is also worth noting that the developing providers within the Borough are only dependent on grant from the affordable housing programme to a limited extent. Some will have the capacity to deliver affordable housing without grant in the future. This is very positive for the Borough as it removes some of the uncertainty around affordable housing development post 2015. However, it does imply that the Council (and GLA) will have more limited influence of the location and nature of new affordable housing in the Borough in the future; unless it continues to use its own resources (financial and land) to influence the development of particular types of affordable housing.
- The Council is currently mapping public sector land in the Borough and this will be critical to ensuring that Council, RP and other public sector land is identified and used for development. The reduction or removal of HCA grant in the future could also be made up by the Council's Housing Capital Programme and use of RP assets to assist the viability of new affordable housing development.

5.1.1 Affordable Rent

89. Across the Borough there will be significant variations between property types and locations over the level at which affordable rents can be set in relation to market rents whilst remaining affordable to those in housing need. Average rental prices in the borough confirm that the market is one which serves households on high incomes and focuses on high earning professionals and corporate lets. The particular nature of the Richmond market needs to be considered when setting Affordable Rent levels. However, there is a risk in setting out specific rental limits (eg percentage of market rents that affordable rents must not exceed) in policy since they may not always remain appropriate as the market or funding environment changes. **DTZ suggest that an approach to affordable rents which is linked to LHA limits (and benefit cap levels in the future¹⁰) may be more appropriate. This rent would need to be inclusive of any service charge.**
90. The Council and Providers will need to consider how far rents might increase over time and whether this would take them above LHA/benefit limits. **If affordable rents are increased annually by RPI + 0.5% there is a risk, if the base rent is set too close to the LHA limit or benefit cap, that rents will exceed LHA limits during the course of the tenancy.** Housing benefit (and eventually Universal Credit) will be increased in line with CPI rather than RPI in future. There needs to be enough 'headroom' in affordable rents in relation to LHA levels to allow rental growth without exceeding LHA limits/welfare cap limits.
91. DTZ would suggest that the Council set out in policy criteria along the following lines:

10 Up to 50% of benefits spent on rent seems to be broadly accepted by the Council, Providers and residents as the limit of affordability.

- 80% of new affordable housing needs to be affordable to those in housing need. Households in housing need are typically those on the housing register and unable to afford suitable housing in the open market.
 - Rents in these homes need to be affordable in relation to the incomes of households in need (eg within housing benefit (LHA) limits and in future remaining affordable under the benefit cap eg no more than 50% of income).
 - Rents should remain affordable ie within these limits throughout the lifetime of the tenancy. This will involve taking account of likely rent increases in relation to increases in Housing Benefit.
 - If Providers plan to set rents on new affordable homes which are unaffordable to those in housing need (in excess of housing benefit (LHA) limits or 50% of the benefit cap) then the Council may define this as intermediate housing, as part of the 20% intermediate element of affordable housing delivery.
92. It will be important to monitor the impact of the new affordable rent tenure in terms of:
- the number of new affordable rented homes delivered or existing homes converted to affordable rent
 - the applicants who take up affordable rent, their characteristics and incomes, their previous tenure and the type of tenancies that are awarded by providers.
 - it would also be useful to monitor the levels of re-lets within the existing stock of affordable homes and whether any changes occur as a result of the introduction of affordable rent.
93. Monitoring will help the Borough Council and providers to determine whether rents are being set at affordable levels and whether the type of tenancies offered are appropriate.

5.2 Tackling Under Occupancy

94. Figure 5.1 presents data on RHP tenants who are under-occupying their properties. Of the 56 RHP households who are known to be under-occupying and willing to downsize, 42 are living in 3 bedroom properties and 6 living in 4/5 bed properties. Whilst these are small numbers in the context of overall need, the release of these larger properties would significantly increase the number of lettings of larger properties which are currently very low. The largest numbers of these properties are within Richmond and Barnes – areas of the Borough where it is likely to be more difficult to deliver new supply of larger homes through the affordable rent model. In order to release these properties, RHP and the Council would need to find alternative accommodation in predominately 2 bedroom properties. The supply of larger properties by addressing under-occupation is inherently tied to the supply of smaller properties to allow downsizing.

Figure 5.1: Households Under Occupying, RHP Tenants

	Occupy	Need	Net gain
1 bed	0	12	-12
2 bed	8	38	-30
3 bed	42	5	37
4 bed	3	1	2
5 bed	3	0	3
Total	56	56	0

Source: RHP

Figure 5.2: Location of Households Under Occupying, RHP Tenants

Location	Number
Richmond Borough	48
Richmond	15
Barnes	14
Hampton	8
Twickenham	7
Teddington	4
Hounslow Borough	8
Feltham	5
Hounslow	3

Source: RHP

95. Addressing occupancy levels within the existing stock provides an opportunity to release larger properties for households in priority need and to ensure that existing tenants can afford their rent and are able to manage in their own homes. There are a number of options for making better use of the existing stock which could help meet the needs of existing tenants and release properties to address new needs:
- **Extending the existing sponsored moves scheme:** around 20 households each year have taken up the incentives offered to downsize. However, the scheme is focused on older households. There is likely to be appetite amongst other households to downsize given these incentives and this might be justified in particular where it releases a 4 bedroom property. Furthermore, incentives may not be required for some working age households given the reduction in benefit they will experience for under-occupying, though a package of support could be offered eg assistance with moving, advice etc.
 - New affordable housing development: **consider whether a proportion of the new homes completed could focus on what is required to meet the needs of existing tenants**, with the benefit that by re-housing these households another property will be released to meet other needs. Whether this can be justified depends on whether the household itself has a priority need or whether by releasing the home they currently occupy the needs of another household could be met. The advantage of new build is that it adds to the stock of affordable housing.
 - Development of older person specific, including shared ownership housing: there are examples of very successful older person specific accommodation in the Borough. The experience of the extra-care scheme at Dean Road in Hampton suggests that there is unmet demand for ownership in this type of scheme.
 - Intermediate products: new development of intermediate housing, including shared ownership and/or affordable rent (as a specific intermediate product and not necessarily capped at LHA levels) could provide opportunities for existing tenants to move. This is more likely to be successful where the households both need to move and has sufficient income to afford these options. However, in the longer term, the introduction of fixed term tenancies could provide these households with greater impetus to consider other options.
 - Review information sharing between the council and Registered Providers; the current position whereby the council 'owns' potential customer data and providers 'own' existing customer data and information about the housing supply is a barrier to making best use of the existing stock.

- **Consider holding events where existing social housing tenants who have expressed a need to change their housing circumstance can meet**, with a view to enabling exchanges and better use of under-occupied/over-crowded homes. Such events have been successful elsewhere, primarily because tenants are able to talk about their neighbourhood and home, dispelling myths about particular neighbourhoods, space standards, proximity to amenities. Events should be for all social housing tenants, and not just RHP tenants, to enable moves across stock within Richmond upon Thames. Consideration should also be given to involving adjoining boroughs.

5.3 Alternatives

96. Purchase of homes on the open market and refurbishment of these properties has been cited as a way of boosting the supply of affordable homes in the Borough. Around 10 properties per annum have been secured through this route. Discussions with housing professionals in the Borough raised a number of points about this form of supply:
 - Financially, the purchase of existing properties compares well to new build if purchases can be made for around £200k (which is equivalent to entry level properties in the Borough). This can also be justified where the property is ex-Right to Buy and where RHP are already responsible for maintaining communal grounds and other properties in the area. The advantage of targeting purchase and repair to ex-RTB homes is that this would have the benefit of improving the wider neighbourhood for existing tenants as well.
 - However, these properties are few and far between and the association would be competing with private buyers on the margins of home ownership (a group which the Council and RHP wish to assist).
 - Furthermore, purchase of existing properties does not add to the overall stock of housing, though DTZ would argue that adding to the affordable stock is a worthwhile exercise (even if it means reducing the stock in other tenures) because of the erosion of the social rented stock in the Borough through Right to Buy.
 - On balance, our discussions suggest that RHP and the other associations should continue to take up the best opportunities for purchase and repair, where value for money of doing so compares favourably to new build. **We would suggest a focus on taking up opportunities that might be more difficult to deliver through new build eg larger homes or large properties suitable for conversion into self contained supported units.**
97. Extensions and loft conversions of existing social rented properties have been popular amongst existing tenants as a way of acquiring more space without needing to move. There has been an incentive to provide extensions including loft conversions because the Council has provided a specific grant for this purpose, most recently £750,000 grant to RPs agreed at June 2012 Cabinet. A number of points were raised by stakeholders (including RHP tenants) during this study:
 - There are 50 households in RHP properties where the potential for an extension to the existing property is possible, according to current information from RHP. The most acute need is for 4 bed properties with some households living in severely overcrowded 2 bedroom properties at present. Whilst there are a number of existing tenants living in overcrowded conditions where an extension would be possible, consideration needs to be given to whether these households are higher priority for assistance than those on the Council's housing register – or whether investment would be better spent elsewhere to assist needier households.

- RHP will need to weigh up whether new large properties (including 4 beds) can be developed in the short term, depending on the sites and opportunities available. **If it is not possible to deliver larger properties then it may make sense to invest in extensions and conversions of existing properties, particularly to create 4 bedroom properties which are least likely to come up through re-lets.** The expansion of the stock of larger properties could be an objective in itself.
 - Ensure the approach taken to extensions is achieving the best outcomes; it is possible that a more creative approach centred on the customer is needed. For example, if an immersion tank means it is impossible to convert a loft, a conversation with the customer may reveal that the tank makes household bills unaffordable – an alternative source of heating and conversion may improve the customer's life considerably, whilst saving money from the move/void/re-let process and contributing to addressing fuel poverty and carbon saving. It would be valuable to review existing applications to identify where this might apply.
98. There are also other interventions which could help to address some needs but which do not involve development or interventions related to the stock:
- **Clearly communicate to all customers how often social rented homes become available to let, and in which areas.** Lack of information is potentially disempowering people to take action to meet their own housing needs. Customers who have little knowledge are more likely to contact the council and RHP on a regular basis; these transactions will have a cost. Some may choose to move further afield to access affordable housing if they realise how long they are likely to wait within the Borough.
 - **Communicate the reason for empty homes within social housing stock.** Visible empty homes do little to encourage people to take action to meet their own needs. A number of residents expressed concern about empty properties where they live, but discussions with housing associations revealed that there were specific plans in place eg to refurbish properties within a certain block which involved emptying properties in advance.
 - **Provide customers with neighbourhood profiles** to inform their decisions about where to live. Customers may consider alternative locations if they are aware of the amenities and services on offer here.
 - **Develop specific information for tenants who are facing a relationship breakdown.** With relationship breakdown increasing across the country, and as a main reason for homelessness, it is important that the effect of this on a household's housing circumstances is understood before decisions are taken. The focus groups highlighted that for men leaving their family in particular, there is really no option of alternative affordable and suitable (for children) accommodation. Welfare reforms will make it more of a challenge for this household group to find accommodation.